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Truman's Global 'Fair Deal' Offers Challenge to U.S.S.R.

In the perspective of history the most significant aspect of President Truman's inaugural address, in which he forcefully impressed on the American people this country's growing responsibilities in world affairs, was the character of his challenge to communism—a challenge not to a test of force on the battlefield, but to a test of effectiveness in constructive tasks of developing the world's resources for the benefit of all mankind.

This challenge is significant not because of any details of implementation—reports from Washington agree that the President had not made any extensive study of how his suggestions might be fulfilled in practice—but because like many other germinal ideas it crystallizes trends of thought that have been gaining momentum in recent months. More and more experts here and in Europe have become aware that the Marshall plan, excellent as it is in conception and far-reaching in consequences, will not of itself redress the economic disequilibrium of the European continent or restore world economic well-being, a prerequisite to political stability and to peace. Nor, it is felt, can there be hope of rooting out communism until conditions of life in the underdeveloped areas of the world, many of which are also the world's most threatening trouble spots, have been improved to a point where their millions of inhabitants will become less vulnerable to political extremism of one kind or another. The United Nations and the International Bank for Reconstruction and Development have been strongly urging consideration of the problems of nonindustrialized countries. Mr. Truman, far from throwing

down the gauntlet to the U.S.S.R., as his speech was interpreted in the headlines of some newspapers, expressed the hope that, "as more and more nations come to know the benefits of democracy and to participate in growing abundance," the countries "which now oppose us will abandon their delusions."

International Fair-Dealing

The President voiced none of the doubts about the ultimate efficacy of the Marshall plan which have been felt by some of its administrators here and abroad, saying: "We are confident of the success of this major venture in world recovery. We believe that our partners in this effort will achieve the status of self-supporting nations once again." Yet he showed his awareness of the long-term task of peacetime construction the world must undertake once the initial phases of mere economic survival are over when he declared:

"We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. . . . Our aim should be to help the free peoples of the world, through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens. . . . This should be a co-operative enterprise in which all nations work together through the United Nations and its specialized agencies whenever practicable. It must be a world-wide effort for the achievement of peace, plenty, and freedom. . . . Such new economic developments must be devised and controlled to benefit the peoples of the areas

in which they are established. Guarantees to the investor must be balanced by guarantees in the interest of the people whose resources and whose labor go into these developments. The old imperialism—exploitation for foreign profit—has no place in our plans. What we envisage is a program of development based on the concepts of democratic fair-dealing."

Weapon or Tool?

This declaration of principles, if its spirit can be translated into concrete measures, would place in the hands of the United States the most powerful yet nondestructive means it could possibly command for a peacetime showdown with the U.S.S.R. For probably the strongest appeal Russian Communist doctrine, as originally voiced by Lenin and Trotzky, had made both to peoples in underdeveloped areas of the world and to Western liberals concerned with the fate of colonial peoples, was its attack on the "imperialism" of "capitalist" countries. Was this one of the "delusions" Mr. Truman referred to—or did the Lenin-Trotzky interpretation have some factual basis in the conduct of the principal Western nations in the heyday of their expansion overseas? What may now prove to be a delusion is the conviction, which appears to be genuinely held by Communist leaders, that the United States, once it came to world power, would merely repeat this pattern of conduct. The most effective way to dispel this particular delusion is not by reiterating word-images of Western democracy, or by dropping atomic bombs on the U.S.S.R., but by giving concrete evidence day in, day out, that the American system represents neither old-

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ELECTRONIC REPRODUCTION PROHIBITED

fashioned capitalism of the nineteenth century which was the target of Karl Marx, nor old-fashioned imperialism which was the target of Lenin.

Through enunciation and fulfillment of the bold concepts presented by Mr. Truman on Inauguration Day, the United States, which is rapidly becoming conscious that it is taking over the role in world affairs played for over a century by the British Empire, is in a position to blaze new trails of international co-operation. The U.S.S.R., itself still an underdeveloped country whose catchword, during the past quarter of a century, has been "to catch up with and outstrip the United States," might under certain circumstances co-operate with this country, as Mr. Truman apparently hopes, in blazing these new trails. But the U.S.S.R. is not equipped to offer other nations the tech-

nical know-how developed by the American people and coveted by the Russians as well as by millions of others who aspire to share the fruits of modern industrialization and rising standards of living. It would be idle to assume, either here or abroad, that the United States, through its own efforts, can remodel the entire world on its own pattern, even if underdeveloped nations should want this, or that these nations, even if they have free access to the storehouse of American technical and scientific knowledge, could thereby hope to match our standard of living unless they command comparable natural resources and develop comparable skills of workmanship and management and a similar willingness to work. The important thing is to make known to the world that the United States has sufficient confidence in its past and present achievements and in

its potentialities for the future not to claim a monopoly of technical know-how, and is willing to encourage, instead of opposing or striving to restrict, the efforts of less developed or less fortunate nations to improve their lot along their own patterns.

The concept of the international "fair deal" expands to world-wide scope the concept of the Marshall plan which, it will be recalled, was originally directed not against any given country or doctrine, "but against hunger, poverty, desperation and chaos." At Lake Success officials of the UN are asking themselves whether Mr. Truman's project for aid to underdeveloped countries will be regarded in Washington primarily as a weapon against Russia and communism, or as a tool for world rehabilitation on a nonpolitical basis. VERA M. DEAN

(The first of three articles on President Truman's Inaugural Day address.)

Portugal Stages Elections As Bid To West

A baffling drama is being enacted today on the beautiful stage set that is Lisbon, capital of Portugal, where the Salazar dictatorship has called Presidential elections for February 13. Scheduled in nominal compliance with a constitutional requirement, the elections are actually intended to fortify Portugal's case for admission to membership in the UN and as a working partner in Western European economic and defense arrangements.

The dramatis personae, in order of their appearance, are: 78-year-old Marshal Antonio Oscar de Fragoso Carmona, President of Portugal since 1928, whose office has not been challenged in any previous election; and 81-year-old General Norton de Mattos, candidate of the opposition elements, who announced his candidacy on July 9, 1948. The dramatic argument centers on the necessity for the 8 million people of Portugal to choose between two regimes—the present rule of Prime Minister Antonio de Oliveira Salazar's corporative state, and the pre-Salazar liberal democratic parliamentary government overthrown by a military coup in 1926. Supporters of Salazar contend that the parliamentary process had degenerated into an "inept government of factions," while the opposition asserts that the corporative state is medieval in conception and repressive in practice. Fundamentally the issue concerns the right and the capacity of the Portuguese to make their own political choices. This right the Salazar government would admit only under certain condi-

tions. It has accepted "battle on the terrain marked out by the enemy"—that is, in popular elections, as Salazar announced on January 7 when he opened the political campaign in Oporto. But the present government has reserved to itself the choice of weapons under a policy of "sufficient liberty" decreed for the electoral campaign.

Benevolent Dictatorship

The distinguishing features of the New State, created in 1932-33, are: first, a rubber stamp National Assembly, composed of delegates elected from lists submitted by the National Union—the single party admitted by the state, and, second, the corporative organization of the economy which, in the words of one foreign observer in Lisbon, provides the means of tight government control over the operations of industry and commerce with a minimum of publicity. According to Salazar, it has been necessary in practice to limit civil liberties, despite their constitutional guarantees, in order to eliminate party strife and its consequent anarchy. "This leads some to believe that there is no liberty in Portugal," the Prime Minister declared in his Oporto speech. Some members of the opposition hold that his government merits the description of "benevolent dictatorship," often applied to it abroad, only because the penalty of death is forbidden by law. Others, while admitting the ubiquitous presence of secret police, the practice of imprisonment

and sentence without due process of law for political activities, and the existence of concentration camps, nevertheless believe that their situation is fortunate compared, for example, with that of the political opposition in Franco Spain. The opinion is widespread, however, that Salazar's reputed "financial wizardry" has not brought great improvement in the living conditions of Portuguese farm laborers, fishermen, and city workers, who probably live as badly today as they did under the chaotic administrations of the liberal Republic. And living scales are lower in Portugal than in any of the Western European nations with which it is associated in the Marshall plan.

"Constitutional Coup d'Etat"

The continuing dissatisfaction with the New State has kept a clandestine opposition alive and active throughout twenty-two years of repression. But under these conditions its strength in the respective Monarchist, liberal Catholic, Republican, Socialist and Communist sectors cannot be measured with certainty. This factor has been a serious obstacle to the achievement of unity on any positive program to follow the immediate objective of unseating Salazar. General Norton de Mattos, onetime colonial administrator and diplomat under the Republic, is a symbol of the general desire for change; his supporters have been able to agree only that, if elected, he will preside over elections for a constituent assembly which will have the task

of framing a new government for Portugal. His candidacy has been harmed by disagreements among the opposition about the stand it should take toward the Church, the Army, and—by no means least—the small but militant Communist minority in its ranks. General Norton de Mattos has been unwilling to state categorically to the Portuguese press the assurances he gave this writer on January 18 that, if elected, he would never consent to allowing the Communists any important influence in Portugal, and that he would warn the Church “not to mix politics with religion,” while sedulously guaranteeing the liberties of conscience and creed.

Despite the damage that these internal controversies must have wreaked upon the democratic cause in conservative, clerical Portugal, the fact remains that the opposition has shown an enthusiasm and a mil-

itancy unlooked for in government circles. At the beginning of the campaign Salazar appeared complacent. “Sacrificing some precious time to the caprices of men,” he said in concluding his January 7 nomination speech, “let us hope that the thunder-shower will pass, in order that we may continue.” On that date the military censorship was lightened, the opposition was allowed to organize rallies, and plain-clothes men were slower to arrest persons overheard making antigovernment remarks. These conditions of “sufficient liberty,” by all accounts, had an electrifying effect. The first opposition rally in Oporto drew a crowd of 30,000 to the stadium. Circulation of the first newspaper to publish declarations of opposition members increased tenfold overnight, and to meet its competition, the government-subsidized dailies themselves were forced to give some space to the opposition. Since then, however,

even the limited opportunities of expression permitted to the opposition have visibly contracted from one day to the next. Convinced that the elections will be fraudulent, even within the narrow terms of the present electoral laws, opposition leaders will refuse to go to the polls. Many of the rank and file electorate will abstain from voting out of fear or discouragement. Moreover, Salazar threatened on January 7 that this campaign would be “the last time in which a constitutional coup d’état would be technically possible,” thus apparently ruling out any future elections. Under these circumstances, Portuguese who desire to live in freedom believe that their only hope of doing so lies in the great powers, and in the pressure that might be brought to bear on the regime from abroad.

OLIVE HOLMES

(The first in a series of articles on conditions in the Iberian peninsula by Miss Holmes who has just returned from a visit to Spain and Portugal.)

Korean Partition Prevents Economic Recovery

The return of South Korea to economic stability continues to be impeded by the effects of the 38th parallel division. The South Korean government at Seoul chosen on May 10 in elections supervised by a UN Commission still lacks most of the essentials of recovery. The Russian zone of North Korea has an estimated 88 per cent of Korea’s industrial plant, virtually all the timber, high-grade coal and nitrate deposits, and a virtual monopoly of the developed water power. In spite of a bumper rice crop in October and November, there is little probability that the government will be able to acquire through voluntary sale by farmers the amount of rice needed to carry out the full rationing program. The economic aid of the United States, however, is beginning to have visible results in the slightly increased supply of consumer goods.

Conditions in North Korea

Nevertheless, even under the most favorable circumstances, the Soviet government, through its control of the Northern zone, will retain a veto over Korea’s economic development for the indefinite future. This veto is implemented, principally through control of water power. South Korean industry was brought to temporary near-collapse in early 1948 by the abrupt and politically motivated termination of the contracted power service. Through great effort on the part of the United States Military Government, the

small output of electricity in the Southern zone has now been increased to nearly 80,000 kilowatts, as against a reasonable minimum need of 200,000.

The most productive single unit in South Korea is the Chungpyung dam on the North fork of the Han River, above Seoul. The utility of this plant is impeded, among other things, by the lack of skilled technicians and the normal winter depreciation of water supply. Upstream, at Wachung in the Soviet zone, there is a smaller installation, designed by the Japanese primarily to sustain the normal flow for Chungpyung. It is currently used by the Northern regime to insure the minimum of possible profitable use below.

Northern power, diverted from its market in the South is being harnessed to the needs of Antung and Dairen, in Communist-controlled Manchuria, and will soon be used in Mukden. It should be added that Soviet looting in Korea was in no way comparable to what happened in Manchuria. It appears possible that such looting as did occur in Korea was not sanctioned by high Russian officials except in a few cases such as the “surplus” turbines of the Yalu River plant.

What little information is available indicates that North Korea is experiencing slow economic recovery. The loss of a probable two million or more refugees who have gone to South Korea has presumably not proved an economic liability. In the political sphere, press and radio

continue to lavish adulation on the ruler of North Korea, Kim Il Sung, sponsored by the U.S.S.R.

Southern rumors of unrest and incipient revolt in the North must be taken with extreme caution, as most of them appear to have little factual basis. The Communist regime is firmly entrenched through its police and economic power, is confident of the support of its *Inmingun* (People’s Army), and is politically strengthened by the loss of the more literate elements of the population as a result of emigration.

The Soviet announcement of military withdrawal on September 19, 1948 is easy to analyze, but difficult to evaluate in its end result. Moscow’s gamble—and it is a strong one—is based on the presumed and probable docility of Kim Il Sung and his political machine, the proximity of Soviet forces on the Siberian littoral, and the lack of political education and experience of the Korean masses.

Problems of Seoul Regime

Meanwhile, the administration of Dr. Syngman Rhee in Seoul is obviously embarrassed by being obliged to rely on the continued presence of United States troops. The suppression of the uprising at Yosu and Suncheon on the South Korean coast last October, however, gave conclusive evidence of their necessity. It illustrated anew the inadequate training of the southern forces, a liability for which the Seoul administration cannot be blamed. It

illustrated also the continuing enmity between the police and the military. The latter factor is only one of the divisive forces in Korean life which will plague all the relatively free Korean administrations for this generation at least.

Recent shifts within the South Korean government are continuing the trend away from the deflated Hankook Minju Dang, the landlords' political party. The resignations of Chang Taik Sang and Yun Tschu Yung from the Foreign and Home Affairs ministries further weaken the governmental proponents of the economic *status quo*. President Rhee's administration is moving slowly but definitely toward an economic policy further to the Left than that of present-day Britain. The two leading philosophic influences within the Rhee cabinet now appear to be Cho Bong Am (Agriculture), and Lee Sun Taik (Economic Planning) who is proceeding with plans for sweeping nationalization of transportation, communications, and major industries.

The most urgent problem in Korea is posed by the relations between the Southern and Northern governments, each claiming sovereignty over the entire country. The withdrawal of Russian military forces may conceivably make an open conflict a still greater possibility. Despite occasional warlike words from Seoul, an overt act, if it occurs at all, would come from the North. The decision, however, will be taken, not in Pyongyang, but in Moscow. If it be true that the *Politbureau* is not yet ready for an open attack on the United States, the cause of peace may be served by the current shift of American policy toward a clear pledge of protection for the government of South Korea.

LEONARD M. BERTSCH

(Leonard M. Bertsch served in Korea as Political Analyst of the United States Military Government, 1945 to March 1946; Political Adviser to the Commanding General, March-October 1946; and Political Adviser to the U.S.-U.S.S.R. Joint Commission, 1946-48.)

The Soviet-Yugoslav Dispute. New York, Royal Institute of International Affairs, 1949. \$50

A very useful publication containing the major documents which have been made public in the Soviet-Yugoslav dispute presented in chronological order with explanatory footnotes.

News in the Making

Argentina and the U.S.S.R., two of the world's great producers of wheat, are represented at the *international wheat conference* which opened this week in Washington under the auspices of the UN Food and Agriculture Organization. President Truman, in a speech to the FAO on November 24, had expressed hope for participation by these two countries which have hitherto held aloof from international wheat arrangements. . . . Following the *breakup of the World Federation of Trade Unions* (WFTU) last week as a result of the withdrawal of the CIO and the British Trades Union Congress (the AFL had never joined the WFTU), labor leaders of Western nations are cautiously weighing the kind of world organization of free unions that might take the place of the WFTU, denounced by Western labor leaders as a sounding board for Communist propaganda. . . . As wider gains by guerrilla forces were reported from Greece, the *Athens government* underwent another reshuffle which, by January 22, had resulted in the formation of a smaller cabinet still headed by octogenarian Themistocles Sophoulis as Premier. Three new figures are being closely watched: Alexander Diomides, former president of the Bank of Greece, a nonparliamentarian liberal, who at 74 takes over the Ministry of Supply and Finance; Spyro Markezini, the one outstanding younger political leader who has emerged from the war, who is to serve as Minister without portfolio; and General Alexander Papagos, King Paul's Chamberlain, who has accepted the post of Commander-in-chief of the army but only after he had been promised a free hand in directing military operations. One of his first acts was the imposition of censorship in Greece on war news. . . . Pre-saging an increasingly important world role for Asia, representatives of *nineteen nations meeting at New Delhi* adopted on January 23 a resolution calling on the Security Council to order progressive Dutch withdrawal of troops from Indonesia. Other points in the resolution largely coincided with a resolution introduced by the United States, China, Norway, and Cuba

Branch & Affiliate Meetings

ST. PAUL, February 1, *The Contribution of the Family in World Peace*, Vera M. Dean
SYRACUSE, February 1, *Is Our Far East Policy Leading to Peace or War?*, Col. James H. Shoemaker
BOSTON, February 2, *A Look Behind the Iron Curtain*, Isaiah Berlin, John C. Fiske
MINNEAPOLIS, February 2, *Russia as a World Power*, Vera M. Dean
SYRACUSE, February 3, *Union of the Democracies*, Clarence Streit
BETHLEHEM, February 7, *Choosing Sides in Europe*, Henry C. Wolfe
MILWAUKEE, February 8, *The United States of Europe*, Francis X. Swietlick
NEW ORLEANS, February 8, *The Arab World in Revolt*, John S. Badeau
ALBANY, February 10, *Revolutions and Good Neighbors in the Americas*, Eugenio Pereira Salas, Jorge Basadre
SHREVEPORT, February 10, *Basic Trends in the Middle East*, John S. Badeau
PITTSBURGH, February 11, *Germany*, Gerhart Seger

Underdeveloped Countries

In his inaugural address, President Truman said: "We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas." For background information on some of the problems of underdeveloped countries, READ

PROBLEMS OF THE UNDERDEVELOPED COUNTRIES—I AND II

by Harold H. Hutcheson

September 15 and October 1, 1948 issues of *Foreign Policy Reports*—25 cents each
Subscription \$5; to FPA members, \$4.

which is now under consideration in the Security Council. The conference in India also made preparations for the establishment of regional joint consultative machinery "within the framework of the UN" to deal with matters of mutual concern.

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